

MAYOR & COUNCIL AGENDA COVER SHEET

MEETING DATE:

May 8, 2006

CALL TO PODIUM:

RESPONSIBLE STAFF:

Fred Felton,
Assistant City Manager

Louise Kauffmann,
Community Development Director

Mary Boyle,
Grants Administrator

AGENDA ITEM:

	Presentation
	Proclamation/Certificate
	Appointment
	Public Hearing
	Historic District
	Consent Item
	Ordinance
	Resolution
	Policy Discussion
X	Work Session Discussion Item
	Other:

PUBLIC HEARING HISTORY:

(Please complete this section if agenda item is a public hearing)

Introduced	
Advertised	
Hearing Date	
Record Held Open	
Policy Discussion	

TITLE:

Update on the Development of the Proposed Comprehensive Affordable Housing Policy

SUPPORTING BACKGROUND:

In the fall of 2005, a staff team started meeting periodically to discuss affordable housing issues in the City of Gaithersburg. On November 21, we held a work session to begin formally discussing this issue with the Mayor and City Council. During the course of the work session, staff provided quite a bit of baseline data that included a summary of affordable housing programs in Montgomery County, a map showing the distribution of affordable rental housing in the County and the City, and a map showing the distribution of affordable ownership housing in the City.

On March 6, 2006, staff gave a presentation to the Mayor and City Council further refining issues associated with affordable housing in Gaithersburg, and the Mayor and City Council asked staff to develop a proposed comprehensive affordable housing policy. For your review, we have enclosed the background material from both the November 21, 2005 work session and the March 6, 2006 presentation.

Since the March 6, 2006 Mayor and Council meeting, staff has held a number of meetings with County housing officials, representatives from the Housing Opportunities Commission, developers, nonprofit organizations, and housing activists. Staff has also sat in on meetings County officials held with developers to better understand how the County's process functions.

As the Mayor and City Council may have noticed, the developer of every residential proposal seeking approval by the Mayor and City Council since we began discussing affordable housing has voluntarily proffered an affordable housing component. This has led staff to conclude that the City would be better served by a comprehensive affordable housing policy that outlines broad goals rather than simply passing narrow legislation mandating a particular baseline requirement.

See continuation page

DESIRED OUTCOME:

Hear presentation and provide guidance to staff

Cover Sheet
Continued

Based on our meetings with various individuals and organizations, staff believes that the Mayor and City Council should consider adopting an affordable housing policy that establishes the goal of requiring that each new residential development and each redevelopment project address affordable housing in a meaningful way tailored to the specifics of the project under general guidelines. In addition, staff recommends that the City's affordable housing policy not simply be a requirement that developers set aside a portion of new construction as either MPDUs or Work Force housing units; however, developers set asides would be an integral part of our policy.

At this point, staff is recommending that the Council consider adopting the five programs outlined below. Please note that some programs have been fleshed out more than others, but staff believes they all have merit.

Program I: Developer Set Aside of MPDUs and Work Force Housing Units

Staff recommends that the City's housing policy require that developers set aside 12.5 percent of all new dwelling units as affordable housing. While the percentages may vary due to factors such as location and other components of the development negotiation, the general goal is to offer half of the affordable units as MPDUs and half as workforce housing in each project.

Key components of program:

- 1) To be administered by City of Gaithersburg;
- 2) 20-year control period, with resets only within the first ten years;
- 3) Program available to first-time homebuyers only;
- 3) Required in any new construction or major renovations with more than 10 units of single family, condominium structures, and townhouse units;
- 4) Equity to increase at CPI for first ten years for original owner; beginning with year 11 equity to increase at market rate;
- 5) Purchasers selected by a lottery for each project that generates ten or more affordable housing units. A waiting list will be developed for resales and projects under ten units. Twenty-five percent of all affordable housing units will be set aside for income qualified individuals who are City employees, public safety workers (federal, state, or local law enforcement, EMTs, fire fighters, having some jurisdiction in Gaithersburg, or teachers at County schools). The remaining affordable units will be made available to individuals that have worked or rented in the City of Gaithersburg for the previous year;
- 6) If units are not expected to be reasonably affordable due to condominium fees, the City may accept a contribution to the Gaithersburg Housing Initiatives Fund (HIF) at the same level as would be required by Montgomery County; and
- 7) Developers will be required to incorporate sustainable design (green building components) into the construction of MPDU and Workforce housing units to minimize utility costs.

Program II: Creation of Affordable Housing in Existing Neighborhoods.

- 1) The Gaithersburg HIF will be used to work with a nonprofit organization to purchase and renovate existing homes in various neighborhoods. Once renovations are complete, these units will be made available as MPDUs and workforce housing via lottery drawing with same 25 percent public employee set aside outlined above.

Cover Sheet
Continued

Program III: Rehab and Conversion of Low-Income Apartments to Ownership Units Affordable to MPDU-eligible households (conceptual)

Partnering with the County and State, the City could offer incentives to a developer to purchase existing apartments and convert them to MPDU-equivalent for-purchase units. Incentives could include low-interest-financing from CDA or County Housing Initiative Funds. Other incentives could include expediting the planning and permitting process and offering fee waivers from the City.

Depending upon level of public subsidy, control period for these units would be negotiated.

Program IV: Redevelopment of Existing Housing (For Future Redevelopment Projects, i.e., those not currently under negotiation).

The developer should be required to pay an amount equal to 3 ½ months rent as a relocation payment. Additionally, those tenants who are displaced by the redevelopment will have first priority for the affordable units created at the project via Program #1 above. In some cases, it is likely that it would be desirable to have a larger percentage of MPDUs than workforce housing units on a redevelopment project. Additionally, the permit revenues generated by the redevelopment could be added as a restricted account in the Gaithersburg HIF and displaced tenants, by lottery, could receive a subsidy as outlined in Program II above to purchase MPDUs or workforce housing units in existing neighborhoods.

Program V: Other Public Private Funding Rental Opportunities

The City could identify apartment complexes that we want to remain affordable, and work with HOC and DHCA to finance major renovations or refinance the mortgage in exchange for a contractual obligation to maintain rents at affordable rents. Pursuant to Chapter 53A of the County code (applies in Gaithersburg via Section 2-6), Montgomery County and HOC have the right of first refusal for all sales of apartment complexes. Historically, we have asked the County to approve all transfers. A new approach would be to coordinate a meeting between the City, the County, and the proposed purchaser to discuss affordability issues associated with the sale. These discussions could result in an outcome varying from an agreement to limit rent increases to public-private partnerships to provide for renovations and affordability.

MAYOR & COUNCIL AGENDA COVER SHEET

MEETING DATE:

March 6, 2006

CALL TO PODIUM:

**Louise Kauffmann, Director
Of Community Development**

RESPONSIBLE STAFF:

Louise Kauffmann

Mary Boyle

Nancy Walsh

AGENDA ITEM:

(please check one)

<input checked="" type="checkbox"/>	Presentation
<input type="checkbox"/>	Proclamation/Certificate
<input type="checkbox"/>	Appointment
<input type="checkbox"/>	Public Hearing
<input type="checkbox"/>	Historic District
<input type="checkbox"/>	Consent Item
<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	Resolution
<input type="checkbox"/>	Policy Discussion
<input type="checkbox"/>	Work Session Discussion Item
<input type="checkbox"/>	Other:

PUBLIC HEARING HISTORY:

(Please complete this section if agenda item is a public hearing)

Introduced	
Advertised	
Hearing Date	
Record Held Open	
Policy Discussion	

TITLE:

A Presentation on Staff Efforts to Date to Create a Proposed Comprehensive Affordable Housing Policy for the City of Gaithersburg

SUPPORTING BACKGROUND:

At the January 2006, Mayor and Council retreat, staff was asked to examine the City's current housing stock and to determine the availability and affordability of its housing inventory relative to incomes of Gaithersburg residents. Staff was also asked to review housing programs offered in other jurisdictions and to bring an affordable housing strategy before the Council in early spring.

As background, in the fall of 2005, a staff team began meeting periodically to discuss affordable housing issues in the City of Gaithersburg. A work session was held in November to begin a formal discussion of the issue with the Mayor and City Council. During the course of the work session, staff provided quite a bit of baseline data that included a summary of affordable housing programs in Montgomery County, a map showing the areas of affordable housing in the City (Attachment 4 of your packet), and a map showing the distribution of affordable rental apartments within Montgomery County (Attachment 5).

Additionally, Montgomery County Director of Housing and Community Affairs Elizabeth Davison provided a presentation on the history and current status of the County's Moderately Priced Dwelling Unit (MPDU) program. During that presentation, the Mayor and City Council expressed concern with several components of the County's program, and asked staff to examine other jurisdictions' ordinances to determine best practices. Table II (Attachment 3) highlights common elements of the municipalities we examined, both within Maryland and in other areas of the country. Table I (Attachment 2) presents sales data for 2005 at a range of incomes. In addition to a summary of these programs, the memorandum (Attachment 1) describes other housing programs available in several Maryland municipalities, provides an outline of what is considered affordable to a range of income groups up to median income, describes various federal, state, county and private programs offering financial assistance to families interested in home purchase, and reviews subsidy programs available to low income and special needs households, including elderly and homeless. Finally, the memorandum describes recent and pending legislation related to work force housing at the State and County levels.


Staff's presentation will (1) describe what families can and cannot afford in the City, (2) outline several housing policy issues, and (3) propose various programs for the Mayor and City Council to consider.


DESIRED OUTCOME:

Hear presentation and provide guidance to staff

Memorandum to: Mayor and City Council

Subject: Presentation on Proposed Comprehensive Affordable Housing Program

Via: David B. Humpton, City Manager 

From: Louise Kauffmann, Director of Community Development 

Date: March 2, 2006

Background

Following a November 2005 housing work session, the Mayor and Council brought the issue of affordable housing to its January 2006 retreat. During the retreat, Council directed staff to examine the City's current housing stock and determine the availability and affordability of rental and homeownership units in the market for households at a range of income levels. Staff was also asked to look at other jurisdictions' affordable housing programs as well as subsidy and other programs available to City residents and to make recommendations based on this information.

The most comprehensive demographic information available is from the 2000 census and we used income and housing data from the Montgomery County Planning Department 2003 Census Update Survey for 22,355 Gaithersburg households. Based on that update, the median household income for Gaithersburg was \$71,950, and the median household income for Montgomery County was \$79,115, nearly 10 percent higher.

Demographics

For purposes of this discussion, we used the Montgomery County median income of \$79,115 to determine affordability under a variety of programs available to all County residents, including, of course, City residents. We also examined the housing availability for working households up to 120 percent of median, and looked at "special needs" populations, including homeless persons and families, and elderly and frail elderly (80 and older) households. We then compared these populations to the housing inventory to determine where the need or "housing gap" existed.

Gaithersburg Survey data¹

The Division of Neighborhood Services inspects and licenses all rental units within the City including privately owned single-family and multi-family units. A recently updated Apartment Information Guide (2005) for multi-family apartment buildings listed a total of 7,366 one -, two - and three bedroom units ranging in rents from a low of \$400 for a one-bedroom unit in Olde Towne to a high of \$2,333 for a two-bedroom apartment in the Kentlands. Rents for three-bedroom units range from \$975 - \$2,860. Six out of forty-nine apartment buildings on this list included *all utilities* in the monthly rent, with fewer than half including gas and water and fewer than a third including electricity only as part of the rent. For purposes of calculating

¹ We did not adjust 2003 census update income for 2005 rental/sales prices. Instead, we assume that incomes over the two-year period remain relatively flat, particularly for households at this income range.

total housing costs, we also added a utility allowance of \$150 per unit per month, (based on another local jurisdiction's housing authority's calculation under its Housing Voucher Program).

In order to determine what is affordable to City residents who are interested in a home purchase and whose income is at or below 120 of median (63 percent of all City households), we looked at a customized list of all home sales in the City during 2005 (see Table 1 attached). Out of approximately 1630 units sold, just 581 (35.6 percent) were affordable to these households.

AFFORDABILITY GAP

Income as percent of County median	Percent of median	30 percent for rent and utilities	Rental Units Potentially Affordable
Up to \$23,735	Up to 30 %	Up to \$593	None
\$23,736 - \$39,558	31 – 50%	\$593 – 989	Few
\$ 39,559 - \$63,292	51 – 80 %	\$990 - \$1,582	Significant Number
\$63,293 - \$79,115	81 - 100%	\$1,583 - \$1,978	Vast Majority
\$79,116 - \$94,938	101 – 120%	\$1,979 - \$2,373	All

Households at or below 30% of median (up to \$23,735)

Not surprisingly, there are virtually no market rate units, either rental or homeownership, available to households at or below this income without a subsidy or significant down payment.

Approximately 10 percent of City residents have incomes at or below 30 percent of County median and their housing choices are extremely limited. Using the generally accepted standard that only 30 percent of gross income should go towards housing costs, these households should pay no more than \$593 per month for rent and utilities.

Using a front ratio of 33 percent as the standard, homebuyers can afford to purchase a unit for \$58,734 and pay \$653 a month for their housing costs based on a 6-percent interest rate with no down payment. In 2005, only 7 units in Gaithersburg were sold at or below \$58,734. Units sold for \$58,734 or less are most likely not “arms length” transactions, and therefore, may not be useful to this discussion.

A review of the 7,366 rental units licensed by the City in 2005 revealed that, with the exception of one nine-unit building leasing some one-bedroom units at \$400, no market-rate units were available to extremely low-income households using the 30 percent standard for rent and utilities.

Households at 31 and 50% of median (up to \$39,558)

In addition to the 10 percent of households at or below 30 percent of median, another 12.7 percent of households are considered low income and, therefore, pay between \$593 and \$989 for all housing costs. With several notable exceptions -- mostly occurring on the west side of the city -- monthly rents range from the mid-\$600s to \$1,200. Factoring in monthly utility

costs, which increases the housing cost to \$750 - \$1,350, there are still very few (particularly two and three bedroom) units available to households even at 50 percent of median.

Assuming little or no down payment, homebuyers looking to purchase a home in Gaithersburg at this income range have limited options. Of the units sold in 2005 in the City at a maximum house price of \$116,440, only 23 would be considered affordable to homebuyers at 50 percent of median.

Households at 51 – 80 percent of median (up to \$63,292)

Holding to the housing cost to income ratio of 30 percent, Gaithersburg households at this income level should be paying between \$990 and \$1,582 for rent and utilities. Adding in the \$150 utility allowance, it appears that a majority of the rental stock would be affordable to persons at this income. This appears to be the income range at which the Gaithersburg rental stock is affordable to the majority of City residents.

For households at this income range interested in purchasing a unit last year, 269 units were on the market, and affordable to households earning \$63,292. Although the rental housing market meets the demand, the homeownership stock remains unaffordable to persons and families at this income range. Not surprisingly, many of the inclusionary zoning ordinances that we researched target households between 51 – 80 percent of median.

Households at 81 percent - median (up to \$79,115)

At this income range, most households can afford to pay between \$1,978 and \$2,373 in rent and utility costs, meaning that all nearly all rental units listed in the apartment guide would be affordable to households with incomes between 80 percent and median.

Gaithersburg households earning between \$63,292 and \$79,115 –still assuming no down payment – could have purchased any one of 374 homes last year. Jurisdictions considering work force housing programs generally target households at this income range and up to 120 percent of median.

HOMEOWNERSHIP PROGRAMS

Although there are numerous homebuyer assistance programs available to County and State residents, many of those described in this section have limited funding. As a result, they are offered only on a “first-come, first serve” basis and thus are not always available to a potential home buyer at any given time. Staff will work with any potential homebuyers to identify possible downpayment and other assistance programs for which they may be eligible.

Federal Programs

The main form of federal assistance available to individual homebuyers is the American Dream Down Payment Initiative (ADDI), a program administered by the Housing Opportunities Commission (HOC) using funds from the Federal HOME program. Through ADDI, closing cost and down payment assistance, ranging from \$1,000 to \$10,000, is provided to first-time homebuyers whose income does not exceed 80 percent of Area Median Income (AMI). Although the income limits are set at 80 percent of AMI, ADDI funds are limited (in

FY04 just \$171,370 was available county wide), and, as a result, HOC makes these grants available only to people currently living in public housing or who have housing choice vouchers. The maximum sales price for a house that can be purchased in Montgomery County with ADDI funds is \$370,533. As some residents of West Deer Park Apartments are also holders of vouchers, City staff will work with HOC to determine if any qualified West Deer Park resident can access these funds in addition to the City's grant.

State Programs

The State administers a number of homeownership programs designed to assist first time homebuyers in the low to moderate income range. Under its Down Payment and Settlement Expense Program (DSELP), the State offers zero percent deferred loans up to \$5,000 to help cover closing cost expenses. Available to households at or slightly above median depending on household size, the loan is repayable only upon sale or refinancing of the home. Eligibility for this assistance is restricted to borrowers who purchase a home using a Community Development Administration (CDA) loan.

As a supplement to DSELP, the State also administers a program, *House Keys 4 Employees*, in which it will match contributions dollar for dollar, up to a \$5000 maximum, made by employers, unions or local governments toward down payment costs. To be eligible, a borrower must be an employee of a participating employer and secure a loan through the Maryland Mortgage Program (MMP) under the Community Development Administration. If those requirements are satisfied, contributions from local governments, unions and nonprofit agencies will also be eligible for a match, which takes the form of a zero percent loan, repayable only upon sale or refinancing.

As an alternative to these programs, the State offers the MMP Plus Program. Under MMP Plus, eligible borrowers can obtain fixed rate mortgages at a slightly higher rate while at the same time receive a grant equal to 2 percent of the loan amount. The grant may then be used to help pay for closing costs.

County Programs

The Department of Housing and Community Affairs (DHCA) and the Montgomery County Housing Opportunities Commission (HOC) fund and finance most of the affordable housing programs in the City. HOC administers a Closing Cost Assistance Program for first-time homebuyers and is also the housing finance agency for Montgomery County. As such, it issues tax-exempt bonds to finance affordable housing throughout the County.

The County operates the Housing Initiative Fund (HIF) which is used for the preservation of affordable housing through the purchase and rehabilitation of housing units. Funds from the HIF were used to leverage financing for the major renovations to Fireside Condominiums and would be a valuable resource for housing initiatives taking place in the City.

Gaithersburg's Homebuyer Assistance Program at West Deer Park

In partnership with HOC, the City has established a homeownership assistance program for lease holders of West Deer Park Apartments interested in purchasing a home in Montgomery County. Under this program, eligible applicants who purchase a home in the City of

Gaithersburg may receive down payment and/or closing cost assistance equal to 6 percent of the purchase price of a home, up to a \$10,000 maximum. Residents who purchase a home within Montgomery County, but outside of City limits, are eligible to receive up to \$8,500 in assistance. To be eligible, applicants must have a minimum credit score of 500, satisfy specified income requirements, and may not purchase a home above \$370,533. A total of \$200,000 in grant money is available.

Attendance at an HOC homeownership workshop is required under the terms of the program. Held on Saturday, February 18 and conducted in both Spanish and English, the workshop attracted 21 residents of West Deer Park, approximately half of whom were Spanish-speaking. To date, two home purchase contracts have been approved. Successful applicants who purchase a home under this program are obligated to repay all or part the grant should they sell, or cease to occupy, their home before the expiration of a 5 year control period. The amount of repayment runs on a sliding scale basis, depending on the length of ownership.

Private Programs

In addition to State and Federal down payment assistance programs, a number of non-profit organizations offer programs to assist homebuyers through “gift assistance” programs requiring seller participation. The seller typically pays the amount of the “gift” or a service fee at settlement that goes toward funding the gift. Generally not restricted to first time home buyers, these programs offer down payment and/or closing cost assistance in amounts ranging from 3 to 10 percent of the sales price. The incentives for sellers to participate include potential for faster sales and broader exposure of properties. Examples of organizations that offer gift assistance programs include AmeriDream, the Nehemiah Down Payment Assistance Program and Gift America.

LEGISLATION

Shady Grove Plan

In addition to the County’s MPDU program, Gaithersburg residents may benefit from an affordable housing initiative recently approved by the Montgomery County Council. The Shady Grove Plan approved by the County Council in January 2006 requires a 10 percent workforce housing component for households with incomes at or below 120 percent of AMI in new development on land currently in public ownership. As adopted, the Plan will result in 5,400 and 6,340 new residential units, including MPDUs and other affordable and workforce housing options near the Shady Grove Metro station, just outside of the City limits.

Workforce Housing Legislation at the County

Montgomery County Councilmember Steven Silverman recently proposed legislation (Workforce Housing 30-05) to create a workforce housing program to be administered by DHCA. The proposed program calls for setting aside 10 percent of homes in developments being built near Metro stations for middle-class households now being priced out of the County’s soaring real estate market. The program is designed to benefit households with incomes between 80 and 120 percent of the area median income (roughly \$70,000 to \$100,000 as area median income for a family of four is \$89,000) and is geared, in particular, to County employees—teachers, firefighters, police officers—whose earnings may be too high to qualify

for existing housing programs. The proposed legislation expands on the requirements set forth in the Shady Grove Sector Plan and specifically seeks to address the lack of affordable housing in the County.

Bill to Establish a Workforce Housing Grant Program

House Bill 1160 was introduced in the State Legislature on February 10 and cross filed in the Senate. The legislation aims to establish a Workforce Housing Grant Program through which capital funds will be provided to qualifying counties to pay for the development costs of workforce housing.

Using the standard definition of affordability as housing that does not exceed 30 percent of household income, the legislation would require that rental housing developed under this program be affordable to households between 50-100 percent of Area Median Income (AMI) and for-sale units be affordable to households earning 60-120 percent of AMI. Rental units must remain affordable for at least 40 years. Although there is not a set period of affordability for ownership units, the legislation requires that a sliding scale percentage of the proceeds from a sale revert to the state depending on length of ownership. If a unit is sold within the first 5 years, 100 percent of the proceeds must be assigned to the State. If the unit is sold in years 5 to 25 after initial purchase, the seller must share a percentage of the proceeds with the State, beginning at 95 percent and declining by 5 percent for each subsequent year of ownership. If the unit is sold after 25 years, the State is not entitled to any proceeds from the sale. It is important to note, however, that no funds are proposed to be allocated towards this program in FY07.

If approved and funded, counties would be required to provide a dollar for dollar match. A qualifying county may transfer program funds to a municipal corporation within its jurisdiction if the municipal corporation has developed either a 5-year consolidated plan or a comprehensive plan with a workforce housing element. As the City has an approved Consolidated Plan in place, we would be eligible to participate under the County's grant. However, for our purposes, preferable legislation would allow direct grants to qualified cities.

HOUSING PROGRAMS IN OTHER JURISDICTIONS

To understand affordable housing options, City staff examined inclusionary zoning ordinances in neighboring jurisdictions in the area as well as in other parts of the country. Table II (Attachment 3), provides detailed information on each jurisdiction's legislation and programs. In addition, staff reviewed other housing programs available in local jurisdictions. A summary of that review follows the discussion of inclusionary zoning.

Inclusionary Zoning Ordinances

Inclusionary zoning ordinances, often referred to as moderately priced or affordable dwelling unit ordinances, require that a certain percentage of units in every market-rate subdivision of a specified size be constructed and sold at a determined "affordable" price to individuals or households of a certain income level. Those purchasing affordable units must then occupy the unit as their primary residence and may not sell it at a fair market price for a set control period, at which time they may be required to share profits on the sale with the jurisdiction

administering the program. Some ordinances also require that a certain percentage of rental units be set aside and rented at affordable rates.

Most inclusionary zoning ordinances include the following key elements: a threshold number of units necessary to trigger the requirement; a minimum percentage of units in subdivision that must be constructed or set aside as affordable; income qualification requirements (as a percentage of area median income); guidelines to set sales or rental prices of units; re-sale controls that restrict sale prices or rents during the occupancy or control period; and developer incentives such as density bonuses or the ability to contribute to a housing trust fund or construct affordable units at another location. These incentives are important in considering the constitutionality of an ordinance as government cannot “take” a citizen’s property without just compensation. Inclusion of a density bonus compensates developers for costs incurred by the set-aside requirements and thereby avoids a potential constitutional challenge.

Before enacting an ordinance, jurisdictions need to determine what size subdivision will be subject to the requirement, what minimum percentage of units in a subdivision must be affordable, what income level the program is intended to serve, whether to include other eligibility requirements such as residency and first-time homeownership, what control period and re-sale restrictions will apply, what developer incentives should be offered, whether the ordinance will cover rental and for-sale units, and whether units should be available to a housing authority or eligible nonprofits. As the accompanying table reflects, the majority of ordinances we examined served individuals with incomes up to 80 percent of area median income. Davis, California’s Affordable Housing Ordinance, however, requires that units be affordable to households with incomes ranging from 80 to 120 percent of area median income, with average affordability targeted at households with incomes at 100 percent of AMI. Most ordinances applied to rental and sale units. Most covered just new construction, while Montgomery County’s and Denver’s also apply to condominium conversions and certain rehabilitation projects.

Montgomery County MPDU Ordinance

Montgomery County’s MPDU ordinance, enacted in 1974, requires that 12.5 to 15 percent of units in developments of 20 or more be moderately priced. The law is applicable to property zoned one-half acre or smaller, and subdivisions not served by public water and sewer are exempt. The zoning ordinance allows a density increase of up to 22 percent above the normal density permitted under the zone. The density bonus was designed to prevent developers from losing opportunities to build market-rate units and help offset production costs.

Montgomery County’s MPDU ordinance imposes certain resale and occupancy restrictions. Because of changes in the law over time, this control period varies depending on when the unit was initially sold. (A change to the ordinance that took effect in April 2005 extended the control period for sales to 30 years and the period for rentals to 99 years.) The price for which the unit can be resold is controlled during this period, and the unit must be resold through the MPDU program to another MPDU certificate holder. The County has the right of first refusal to purchase any MPDU put up for sale, and almost all units that are sold during the control period are purchased by the County or HOC. Units purchased by HOC are rented to households with low or very low incomes. The MPDU must be owner-occupied throughout the applicable control period, and when the owner sells the unit for the first time after the control

period ends, it may be sold at a market price. Any excess or “windfall” from the sale is split between the County and the owner.

MPDU units are eligible to renters or first time buyers with incomes at or below 70 percent of AMI. Priority is given to people who live or work in the County, and only about 100 units are available for purchase each year. Given the high demand, the County conducts lotteries to choose potential purchasers.

Other Housing Programs Used by Neighboring Jurisdiction

To understand affordable housing options other than inclusionary zoning ordinances, staff examined alternative housing programs in the Cities of Takoma Park, Westminister, Hagerstown, Frederick, and Bowie. The following is a brief summary of those approaches.

Takoma Park, which does not have planning or zoning authority, has not adopted an MPDU ordinance nor is it considering such an approach as no developable land exists in that City. It is, however, considering adapting Montgomery County’s program to the large number of condominium conversions occurring there. Given the lack of zoning and planning authority, the primary way in which Takoma Park addresses affordable housing is through the imposition of rent control. The rent stabilization allowance is determined annually and is based on the Consumer Price Index.

Like Takoma Park, the City of Bowie has not enacted affordable dwelling legislation as it also lacks zoning authority over development within its City limits. Bowie has essentially opted to cede action on housing to Prince George’s County and to the State and has not adopted any other homeownership or rental assistance housing programs of its own.

As detailed in Table II, Rockville has adopted an MPDU program modeled after that of Montgomery County. In addition, Rockville promotes housing rehabilitation through its Home Improvement Program which uses CDBG funds to provide low interest deferred loans to income eligible applicants

In Hagerstown, housing program options include public housing, available in 10 communities throughout the City, as well as Section 8 vouchers. In addition, the City offers a number of homeownership programs. Under one program, the City purchases existing homes, renovates them and makes them available to low and moderate income households for a \$500 down payment. Using CDBG funds, the City then offers these buyers a deferred second mortgage of up to \$10,000 at a zero to 4 percent rate. These funds can be used for settlement expenses. To be eligible, applicants must obtain a 5 percent first mortgage through the Maryland Mortgage Program, meet HUD income limits, and purchase a home in an area identified as a Hagerstown smart growth area.

Similarly, the City of Frederick uses CDBG money to fund second mortgage loans for eligible first time homebuyers. Up to \$15,000 is available to applicants who purchase a home within City limits and whose income does not exceed the moderate level as determined by HUD. Loans are repayable only upon the sale or transfer of the property. Under the Frederick program, homeownership counseling is required.

Westminster, a small town in Carroll County with a population of just under 17,000, does not have any public housing units, but does administer the Section 8 voucher program for the City. The City also purchases rehab properties for the purpose of developing affordable housing ownership opportunities one house at a time. Following rehabilitation of the property, the City sells the property at below market rate.

ASSISTED HOUSING PROGRAMS:

Assisted housing is housing for low and moderate income households and is produced with government funding through loans, grants, direct ownership, or a combination thereof. The majority of assisted housing units is provided by the government for households at or below 50 percent of median. The Housing Opportunities Commission (HOC) and non-profit organizations also play a major role in providing affordable housing, particularly for homeless and low-income households. The Community Development Administration (CDA), in partnership with Homes for America, a non-profit organization, provided financing for Oaks at Olde Towne, a 72-unit senior assisted housing rental community limited to households with income restrictions. Using CDA financing in combination with private development funds could be a successful tool for any condo conversions the City might approve.

Assisted housing for elderly

According to the 2000 Census figures, 15.5 percent of the City of Gaithersburg's total population is elderly (aged 65 and older). HUD defines "elderly" as 62 and older. Poverty data from the 2000 Census indicate that 11.4 percent of individuals age 65 and older in Gaithersburg fall below the Federal poverty level, compared to only 7.1 percent of City residents overall. Based on this data, affordable housing units for elderly persons is a critical need in Gaithersburg. Forest Oak Towers, a 172 unit high-rise in Gaithersburg, limits all of its units to very low income elderly and disabled households. The City has long recognized the importance of preserving this housing resource, and will work with HOC and Montgomery County to ensure its continued affordability.

In designing an inclusionary housing program, it is important to consider the relatively flat incomes of the senior population, many of whom may not qualify under programs for households at 60 – 120 percent of median, but who have assets that could be used for downpayments. It is evident that there is a significant gap, and one that will continue to increase over the next decade, between the elderly population and the number of affordable housing units. This is an area that the City should pay close attention to in designing an affordable housing strategy.

Assisted housing for low income residents

As described in some detail in our November 2005 presentation to the Mayor and Council, HOC is the primary provider of subsidized housing in Montgomery County. Using federal funding under the Housing Voucher Program (i.e., Section 8), HOC provides rental subsidies directly to private landlords in the market. Using the HUD standard of 30 percent of income for rent, the certificate generally pays 70 percent of the agreed-upon rent and utilities. There are approximately 400 families in Gaithersburg participating in this program.

State and County Rental Assistance Programs

Montgomery County's Rental Assistance Program (RAP), administered by the County's Department of Health and Human Services, helps eligible low-income families pay their rent. Residents already in rental housing may be eligible for assistance if they are disabled, at least 62 years old, or part of a household of two or more; meet program's monthly rent limits; meet program's gross household income limits; and have total household assets of less than \$10,000. HOC administers the State Rental Assistance Program, which helps families or individuals who are homeless or experiencing critical or emergency housing needs. For the State program, participants must work with a case manager to secure permanent affordable housing by the time the assistance ends and they must be homeless and working with a case manager through a service provider agency to be referred. Households with a lease in their name and living in a unit are ineligible, even if they are about to be evicted. Unlike the County RAP program, the State program requires that households or individuals be referred to HOC by a service provider.

Homeless Programs

Any discussion on affordable housing programs should include some mention of the City's homeless population. In addition to its own transitional and permanent housing programs at Wells/Robertson House and DeSillum House, the City supports many non-profit groups working with special needs populations including homeless persons and families. In the current fiscal year, the City is funding seven housing facilities in the County used specifically to shelter and provide supportive services to City residents. These facilities include the Gude Drive Men's Shelter in Rockville, which served 53 City residents last year, the Dwelling Place, which provided transitional housing and supportive services to 29 City homeless families, three Community Ministries' facilities, including Horizon House (20 City residents), and Chase Partnership and Sophia House, which served 6 single homeless men and 4 City women respectively. Stepping Stones Shelter and Rainbow Place Shelter, housed 17 City families between them. The provision of housing and related supportive services to the City's homeless and low income populations is a high priority for the Community Advisory Board, and the majority of its annual funding recommendations directly or indirectly support these residents.

Seneca Heights Apartments is the newest homeless facility in Gaithersburg, and, although the City had serious concerns about how criminal background checks were conducted (resulting in a series of neighborhood robberies), it has generally been a successful program; in fact, police reports indicate far fewer calls for service at the facility since the building was purchased.

As you know, the County combined state and federal grants with its own housing initiatives fund to acquire and substantially rehabilitate this former hotel. After a two-year renovation, 17 homeless families and 40 single adults became residents in June of 2004. The City's willingness to waive all permit fees, as well as expedite permitting and site review and inspections, is a model for future affordable housing programs within the City.

Use of CDBG funds

Funded by the U.S. Department of Housing and Urban Development, the primary goals of the Community Development Block Grant program is to "provide decent housing, a suitable living

environment, and expanded economic opportunities, especially for low to moderate income persons.” The City has always used its annual allocation to support programs that serve extremely low and low income families, although funds have never been directly used to develop affordable housing either through loans or grants. Many jurisdictions use their CDBG funds for housing rehabilitation either through direct grants, or through loans and loan guarantees. Other eligible CDBG activities that the City might consider would be to provide direct homeownership assistance through down payment and closing cost assistance or by the acquisition of mortgage guarantees. Direct housing construction is not eligible under CDBG, but is eligible under the County’s HOME program; however, land acquisition and some site improvements would be eligible.

Eviction Prevention Activities

Because there is so little affordable housing to Gaithersburg residents at or below 50 percent of median (i.e., extremely low and low income), it is important to describe the agencies (including the faith community) providing eviction prevention resources. Such services are especially relevant given that, based on information provided by the Sheriff’s Department, nearly 900 City residents received eviction notices over a recent 12 month period, and approximately 10 percent were, in fact, evicted from their homes. The Montgomery County Department of Health and Human Services (DHHS) is the primary source of government funding to prevent evictions. These funds are generally offered one time per year, and about \$1,500 is typically available to a household, depending on need and outside resources from agencies such as the Upper Montgomery Assistance Network (UMAN). UMAN provides up to \$300 per family per year and last year provided approximately \$30,000 in funds to 334 City residents in danger of eviction or foreclosure.

Summary

In addition to gaining a broader understanding of what is affordable to City residents in the rental and homeownership market, staff acquired considerable knowledge of MPDU and MPDU-equivalent programs in force both in the Washington and Baltimore Metropolitan regions and nationwide. Research into public financing opportunities for homebuyers, and programs available to leverage private development funds will be a valuable tool if the Council chooses to support condominium conversions or significant renovations to properties to remain affordable to low to moderate income households.

As Council provides recommendations for moving forward, staff will continue to research best practices and to develop programs in response to the Council’s priorities.

TABLE 1

City of Gaithersburg Residential Sales 2005

Sales of Homes Affordable to Households at or below 120% of Median Income*(Assuming no down payment)

Sales Price	Minimum Income Needed	Percent of Median Income	Percent of Households	Number Sold in 2005	Total houses in price range
Up to \$58,734	Up to \$23,735	Up to - 30%	10.1%	7	7
\$58,735 - \$116,440	\$23,736 - \$39,558	31 - 50 %	12.7%	16	23
\$116,441 - \$202,999	\$39,559 - \$63,292	51 - 80 %	19.1%	216	239
\$203,000 - \$261,296	\$63,293 - \$79,115	81 - 100 %	11.9%	135	374
\$261,297- \$315,980	\$79,116- \$94,938	101 - 120 %	11.7%	207	581
Total			65.4%	581	

*Note: Table reflects sales of Gaithersburg homes affordable to City households with incomes up to \$94,938 or 120 percent of Montgomery County median household income of \$79,115 (2003 Census Update Estimate). Affordability is calculated by assuming a household should spend no more than 33 percent of its income for housing costs including P&I at 6%, insurance, taxes, and homeowner fees.

Other Residential Sales in the City (up to \$1,000,000)

Sales Price	Number Sold
\$315,981 - \$400,000	412
\$400,001 - \$500,000	233
\$500,001 - \$600,000	195
\$600,001 - \$700,000	100
\$700,001 - \$800,000	30
\$800,001 - \$900,000	25
\$900,001 - \$1,000,000	25
Total	1,020

Median sales price of all residential units, City of Gaithersburg: \$360,000 (1632 units sold)
 Median sales price of all residential units, Montgomery County: \$425,000 (17,011 units sold)

MAYOR & COUNCIL AGENDA COVER SHEET

MEETING DATE:

November 21, 2005

CALL TO PODIUM:

Fred Felton
Assistant City Manager

RESPONSIBLE STAFF:

Fred Felton
Assistant City Manager
Greg Ossont
Director of Planning and Code
Louise Kauffmann
Grants Administrator

AGENDA ITEM:

(please check one)

	Presentation
	Proclamation/Certificate
	Appointment
	Public Hearing
	Historic District
	Consent Item
	Ordinance
	Resolution
	Policy Discussion
X	Work Session Discussion Item
	Other:

PUBLIC HEARING HISTORY:

(Please complete this section if agenda item is a public hearing)

Introduced	
Advertised	
Hearing Date	
Record Held Open	
Policy Discussion	

TITLE:

Discussion Concerning Affordable Housing Issues/Programs in Gaithersburg

SUPPORTING BACKGROUND:

This work session is intended to be a general discussion concerning affordable housing issues and policies in the City of Gaithersburg.

For many years, there has been a general perception that the City of Gaithersburg had more affordable housing than most other areas in the County; however, staff does not believe the Council has had the opportunity to discuss this issue formally.

The City of Gaithersburg does not have an ordinance requiring moderately priced dwelling units (MPDUs) be constructed when residential development occurs, but we have negotiated MPDU equivalents as part of annexation agreements on a number of occasions.

For the Mayor and City Council's review, staff has attached the following items:

1. The City's current Housing Strategic Direction
2. The City's Master Plan Housing Theme
3. A Summary of Affordable Housing Programs in Montgomery County based on Income Levels
4. A Map showing the Distribution of Affordable Rental Housing in the County
5. A Map showing the Distribution of Affordable Housing (both rental and ownership) in the City
6. A Brief Summary of the Montgomery County MPDU Requirements
7. Background Material and a copy of Montgomery County Bill 30-05 – Workforce Housing

Elizabeth Davison, Director of the Montgomery County Department of Housing and Community Affairs will be attending the work session to discuss recent changes to the County's MPDU Program and the Workforce Housing Proposal.

City staff will present an overview of the remaining items outlined above. Additionally, staff from the Housing Opportunities Commission will be on hand to briefly discuss how a Project Based Housing Initiative Fund could be developed to benefit tenants displaced by the West Deer Park Apartments redevelopment as mentioned in ACM Felton's memo dated November 4, 2005 (Attached).

DESIRED OUTCOME:

Hear presentations, and provide guidance to staff.



STRATEGIC DIRECTION #5	Pursue programs that preserve and improve current and future housing stock and mix (e.g., aging apartments).
Team Leader	Greg Ossont
Contributing Members	Pat Patula, Louise Kauffmann, Kevin Roman, and Fred Felton

BACKGROUND

- City's current housing stock consists of 38.8 percent apartments (8,551 units), 9.3 percent condominium (2,049 units), 29.8 percent townhouses (6,571 units), and 21.8 percent single-family detached (4,800 units).
- Current housing mix reflects mid-1980's housing policy to promote home ownership after realization in the late 1970's that 68 percent of all housing in the City was apartments.
- Many apartments are aging, have been overlooked for conversion or are in dense areas of the City.
- Apartment vacancy rate is currently 7.7 percent in the City of Gaithersburg; vacancy rate in Montgomery County is 5.1 percent.
- Without incentives, many multi-family property owners will do little more than meet minimal code requirements.
- Smaller multi-family properties (less than 50 units) are changing ownership regularly. Opportunities to incorporate improvements with new owners are increasing.

APPROACH

- Aggressive, but reasonable, enforcement of stringent housing code distinguishes City from other jurisdictions.
- The City's adopted Housing Policy recommends that the City offer a wide range of housing types with an emphasis on single-family detached housing, preferably in a mixed-use setting. Avoid concentrations of like housing types, while retaining the best qualities of a small town.
- Rejuvenation of City's multi-family housing stock is important.
- Adaptive reuse should be encouraged, coupled with sensitive relocation of tenants.
- New housing development and re-development should adhere to the tenets of New Urbanism with aesthetic considerations dependent on the recently adopted urban design policies within the Master Plan - Smart Growth Policy Document.

STRATEGIC DIRECTION # 5: HOUSING STOCK

GOALS	FY 2004	FY 2006 & Beyond
1. Encourage renovations of existing apartment communities for major exterior renovations.	Major renovations underway at Grove Park Apartments, West Deer Park Apartments, Montgomery House, and Stratford Place Apartments.	Consider reestablishing the Rental Housing Fee Credit Program.
2. Encourage redevelopment of functionally obsolete and aging apartments with emphasis on Olde Towne, South Frederick Avenue, Water Street, and West Deer Park Road.	Staff has had informal discussions with two developers concerning potential redevelopment projects on South Frederick Avenue and Water Street.	
3. Work with Greater Historic District Committee to finalize comprehensive plan for Historic District charrette area. Consider second phase of construction if project can be supported by CIP.	Comprehensive plan complete. Traffic calming measures on Maryland, Montgomery, Walker and Brookes Avenues scheduled for spring, 2004.	
4. Work closely with Police Department to address overcrowding and code violations in apartments on West Deer Park Road.	Planning and Code Administration staff recently met with the management staff of the complexes in question who ensured full cooperation from management.	
5. Continue to work with Montgomery County, consultants and Board of Directors to address structural failures at the Fireside Condominiums.	Financing in place – repairs underway as of January 5, 2004.	
6. Work with Montgomery County on the redevelopment of the Econo Lodge Hotel into transitional housing for homeless adults and families.	Planning Commission approval obtained. Construction under way. Provided significant input to County on admissions criteria and rules.	Continue to attend Board of Governance meetings.
7. Work with homeowners associations to assist with neighborhood inspections.	Shady Grove Village, Deer Park Place, and Foxwood completed in FY'04.	

CRITICAL MEASURES

- Documented property maintenance complaints:

FY'98	FY'99	FY'00	FY'01	FY'02	FY'03	FY'04
344	500	570	608	695	600	668

- Number of historic tax credits:

FY'98	FY'99	FY'00	FY'01	FY'02	FY'03	FY'04
3	6	-0-	2	4	2	4

- Number of Matching Grants:

FY'98	FY'99	FY'00	FY'01	FY'02	FY'03	FY'04
N/A	10	12	12	22	20	16

- Percentage of multi-family housing as a percentage of total housing stock:

Jan 1999	July 1999	Jan 2000	July 2000	Jan 2001	July 2001	Jan 2002	July 2002	Jan 2003	July 2003	July 2004
49.2%	50.0%	48.6%	50.3%	49.5%	48.9%	49.8%	49.5%	48.9	48.1%	48.1%

HOUSING

Gaithersburg is a community that... offers a range of housing choices, while preserving the character of existing neighborhoods and providing connectivity to adjacent areas of employment, nature, recreation, services, and shopping.

Objective A: Encourage the development of single family homes (including townhomes) where housing is appropriate to offset the current housing imbalance.

Action 1: Encourage the development of single family homes (including townhomes) where housing is appropriate to offset the current housing imbalance.

Action 2: Pursue annexation of appropriate parcels for construction of single family homes.

Action 3: Encourage infill housing and the use of the Traditional Neighborhood Design (TND) option.

Objective B: Permit additional multi-family dwellings only to support existing town centers, encourage redevelopment, or comply with pre-existing annexation agreements.

Action 1: Where multi-family dwellings are deemed appropriate, require condominium uses unless it can be demonstrated that rental apartment uses are in the public interest.

Action 2: Consider approval of multi-family dwellings in or near the existing town centers.

Action 3: Consider approval of multi-family dwellings to encourage redevelopment of dilapidated properties.

Objective C: Ensure that designated apartment communities remain affordable and under existing controls.

Action 1: Continue City involvement and partial ownership of Diamond Square Apartments.

Action 2: Work with the Housing Opportunities Commission to ensure that Forest Oak Towers remains an affordable community for senior citizens.

Action 3: Monitor the rents to ensure that the Oaks at Olde Towne and Lakewood Commons comply with the area median income requirements mandated by State financing.

Objective D: Improve the condition of the existing housing stock.

Action 1: Encourage the redevelopment of aging apartment complexes.

Action 2: Continue to conduct joint inspections with homeowner's associations.

Action 3: Continue the Neighborhood Matching Grant program.

Action 4: Work with Montgomery County on providing low interest home improvement loans to qualified homeowners.

Action 5: Update Property Maintenance Code at least every three years.

Action 6: Work with Montgomery County to develop rehabilitation loans for small apartment complexes.

Action 7: Modify rental housing fee credit program.

Action 8: Continue aggressive enforcement directed at problem properties.

Action 9: Hold Neighborhood Improvement Charrettes as appropriate.

Objective E: Encourage a variety of architectural styles.

Action 1: Preserve the approved architectural standards for designated areas of the City.

Action 2: Encourage a mix of builders with a variety of architectural styles to participate in the development of new communities.

Objective F: Ensure that the current and future housing stock allows residents to remain in the City as their financial, employment, and familial situations change

Action 1: Determine current in- and out-migration patterns for the populations in the City and County.

Action 2: Look at market studies to determine general housing preferences by age, sex, occupational status, marital status, presence of children, household income, etc.

Action 3: Determine the impact of public schools on housing preferences and work with MCPS to address any concerns with the current schools.

Summary of Affordable Housing Programs in Montgomery County

Housing subsidies are based on the Area Median Income (AMI or median) which is established for a particular area within the United States and updated annually. In the Washington, DC metropolitan area, which includes Montgomery County, the AMI is \$89,300 as of February, 2005. To be eligible for the housing programs outlined below, a family or household -- defined as one or more unrelated members -- must not exceed those percentages of the area "median" income.

Under HUD guidelines, which HOC and all State and local agencies follow, extremely low-income is defined as 30% of median (up to \$26,790); low-income is defined as 31 – 50% of median (\$27,683 - \$44,650); low- moderate income is defined at 51 – 80 % of median (45,543 – 71,440).

I. Programs for extremely low-income households (up to \$26,790):

Public Housing and the Housing Choice Voucher Program (formerly Section 8)

Households may not exceed 30 percent of median to qualify for these federal programs. Although the City has no traditional public housing units, there are more than 400 housing choice vouchers dispersed throughout the City through private landlords. Forest Oak Towers is a project-based Housing Choice Voucher facility, meaning that all 174 units are reserved for elderly and disabled residents meeting this income limit.

McKinney Supportive Services Programs for Homeless Persons

Homeless persons are by definition considered extremely low income, and can therefore qualify for programs serving that income level. All McKinney-funded programs, such as Wells/Robertson House, serve homeless households; other McKinney-funded programs operating in the City include the recently renovated Seneca Heights Apartments for homeless families and single adults.

Rental Assistance Program (RAP)

The State RAP program, administered by HOC, is also limited to homeless families for up to two years of rental assistance. Montgomery County's RAP program, on the other hand, assists elderly persons 62 and older, but serves a higher income range (up to \$44,652 or approximately 50 percent of median.)

Finally, many of the rental MPDUs (offered by the County to HOC and other non-profit agencies), have some flexibility in their income ranges, but are often used to assist persons and families with extremely-low incomes.

II. Programs for low-and moderate income households:

The low-income housing tax credit rental program.

This programs assist developers who agree to limit rents of some or all units to remain affordable to low and moderate income persons. The Oaks at Olde Towne, which has 72 affordable units for elderly households, is an example of a tax credit program in the City.

Moderately Priced Dwelling Unit Program (MPDU)

The MPDU rental program, with maximum incomes of \$56,000 for a four-person household can serve households up to approximately 60 percent of median. The MPDU purchase program, on the other hand, requires a higher household income of \$62,000 or approximately 70 percent of median.

County Council's (Steve Silverman) Proposed Workforce Housing Program

Households with incomes up to 120 percent of the area median income (or \$107,160) would benefit from this proposed Workforce Housing Program. It is geared, in particular, to County employees—teachers, firefighters, police officers—whose earnings are too high for them to qualify for other existing programs.

TABLE II

PROGRAMS BY JURISDICTION

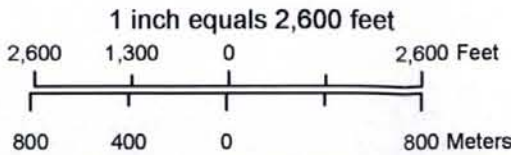
Jurisdiction (and administering agency)	Threshold # Units to Trigger Requirement	Set-Aside Requirement (minimum)	Income Target (based on area median)	Population Served	Developments Covered	Developer Incentives/Bonus Density	Allows "Contribution in Lieu Of"	Term of Affordability	Requirement to Share Profit With Jurisdiction Upon Sale	Available to Nonprofits
Annapolis (City)	10	12% (for-sale developments) 6% (rentals)	max. 80% AMI minimum \$35,000	City residents; eligible City employees and County teachers; must be first-time homeowner.	New construction and condo conversions	Up to 15% bonus density	Yes, in exceptional circumstances; may contribute to housing trust fund or donate land. City may accept 4% total value construction costs in cash.	10 years (sale units) 20 years (rentals)	If sold within control period, City receives difference between purchase price and market value. Not required after 10 years.	No
Rockville (City)	50	12.5%; 15% in Town Center and Rockville Pike corridor	60% of SMSA median	City and non-City residents; must be first-time home buyer. Open to renters.	New construction	Up to 22%	Yes, off-site (more than required) land donation, and/or cash contribution, provided substitution will provide substantially more units. The policy, however, is not to accept "buyouts."	30 years	In first 30 yrs, right of first refusal to Housing Agency. If Housing Agency declines, seller must offer unit to approved households on the waiting list. After resale period expires, half of windfall profits go to City.	Rockville Housing Enterprise has right to purchase up to 33 1/3% of the units. Designated agency may also authorize approved nonprofits to purchase additional units, up to a combined total of 40%.
Davis, California (City)	5	1. For-sale developments 25% 2. rental 25 - 30%	80-120% AMI for sale units; 50-80% AMI for rentals; price can be no more than 35% of household income	Anyone who meets financial eligibility requirements. No residency requirement.	New Construction	Relaxed development standards and 1:1 bonus density on for-sale developments; 15% for rental developments	Yes: cash in lieu for dev. with less than 30 units or unique hardship; off site development and land dedication also permitted	None on for-sale units; appreciation to seller is capped at 3.75% annually; permanent controls for rental units	None	Yes. No requirement that specific percentage be set aside.
Denver, Colorado (HA)	30	10%	depending on type of unit, between 80 and 110% AMI	Anyone who meets financial eligibility requirements. No residency requirement	New construction and projects involving 50% or more rehabilitation or remodeling	Cash rebate depending on unit pricing. Parking reductions offered. Bonus density up to 10%	Yes: Must pay 50% of sales price for units required but not built; under certain conditions, MPDUs may be built off site.	15 years/no reset	Share of profits with City. Units must remain affordable to households at 80% AMI	Yes. No requirement that specific percentage be set aside.
Montgomery County (County)	20	12.50%	50 - 70% of AMI	County residents and employees	New construction & condo conversions	density bonus above minimum up to 22%	Yes: economic hardship, environmental; high condo fees.	30 Yrs/resets 99 rental	"Windfall" profits split between County and seller at expiration of control period.	Yes, 40% to non-profits and HOC.
Fairfax County, VA (County)	50	12.5% for single-family developments and 6.25% for multi-family units	50% of AMI for Washington DC MSA for rental; 70% for purchase	Anyone who meets financial requirements; no residency requirement. For first-time homebuyer program (component of ADU w/ separate requirements), preference to those living or working in County, with dependent under 18 or disabled dependent, and each year on waiting list	New construction	density bonus above minimum up to 22.5% for single-family (up to 16.25 for multi-family)	Yes, waiver provision if "physically or economically infeasible," number of units may be reduced or cash payment may be made to Housing Trust Fund.	15 years, resale; 20 years, rental; proposal to raise both to 30 (for units sold before 1998, 50 yrs. unless modified to 15)	For sale after control period, County has right of first refusal for 60 days and seller must split profits w/ Fairfax Co. Housing Trust fund.	Yes, Fairfax County Redevelopment and Housing Authority, 33 1/3%
Frederick County (County)	25	12.50%	70% of Washington DC AMI for purchase; 50% for rental	Frederick County residents and eligible employees; cannot have owned a home in past 3 years.	New construction	density bonus above minimum up to 22%	Under specified circumstances, developer may comply by building at least 10% more units off-site and/or contributing to the Housing Initiative Fund an amount that will produce at least 10% more MPDUs.	15 yrs. for sale; 25 yrs. for rental; if rental sold w/n 15 years, resets as for-sale unit	W/n control period, County has right of first refusal. After control pd: (1) County and seller split profits (diff. between sales price and sum of purchase price, cost of living increase, value of cap. improvements, and sales commission), w/ seller receiving at least \$10,000; (2) Commission and qual. nonprofits have right to match bona fide offer w/n 30 days.	40%

Notes:

Washington County currently has an MPDU ordinance under consideration
 Frederick County expects their first MPDU units online January 2007

Affordable-Priced Housing Complexes
Within the City of Gaithersburg

ProjectName.mxd • 11-Jan-2005 • abc



Property boundaries and planimetric basemap ©2005 M-NCPPC and City of Gaithersburg. All rights reserved.

The City of Gaithersburg makes no warranty, express or implied, for the completeness and accuracy of the information depicted on this map. This map may not be reproduced, in whole or in part, without the express written permission of the City of Gaithersburg and other referenced pa



Affordable Rental Apartments

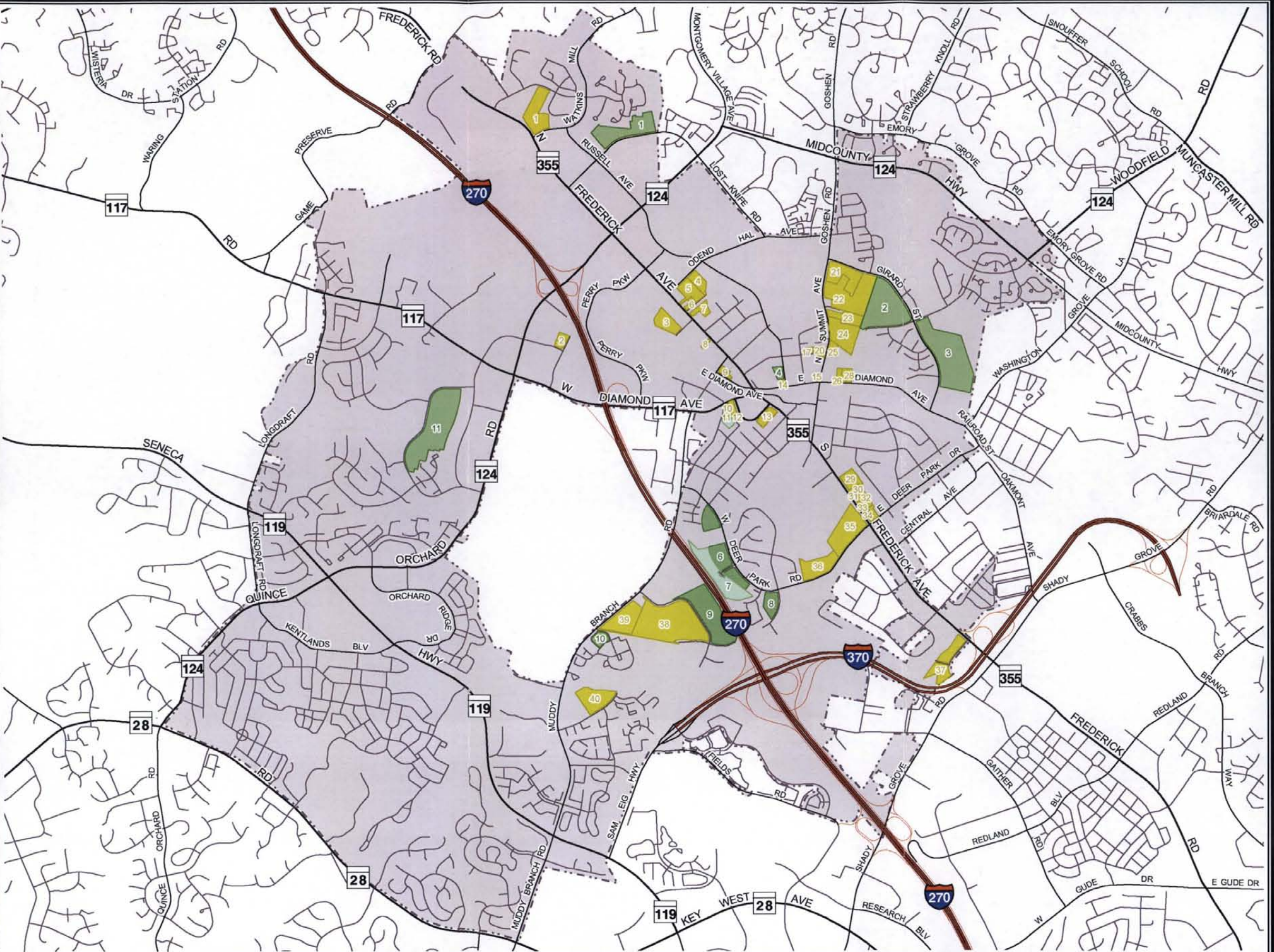
MAP KEY	COMPLEX NAME	UNITS	2-BDRM RENT
1	Watkins Station	208	\$ 1,139
2	Diamond Square*	124	\$ 678
3	Dalamar Apartments**	119	\$ 975
4	Forest Oak Tower	175	\$ 1,210
5	Whetstone Apartments	102	\$ 975
6	439 N Frederick Ave	31	\$ 950
7	Woodlawn Park	44	\$ 725
8	Freestate	16	\$ 700
9	Oaks at Olde Towne	72	\$ 935
10	Diamond House	17	\$ 850
11	Summit Hall Apartments	22	\$ 899
12	Diamond Acres	35	\$ 850
13	Executive Gardens	85	\$ 940
14	Diamond Station	8	\$ 850
15	Irvington Farms	9	\$ 600
16	Young Apartments	6	\$ 625
17	Lynn Brooke Apartments	8	\$ 895
18	Forest Oak Apartments	11	\$ 895
19	Brooke Manor	11	\$ 895
20	Seidl Apartments	11	\$ 700
21	Spring Ridge	204	\$ 949
22	Streamside	417	\$ 945
23	Crestwood Terrace	108	\$ 900
24	Summit Crest	232	\$ 1,000
25	Lar-Ken Apartments	44	\$ 870
26	Diamond Courts	26	\$ 850
27	Deer Park Apartments	22	\$ 850
28	Ty Gwyn Apartments	25	\$ 800
29	Gaither House	95	\$ 915
30	Flowers Apartments	23	\$ 950
31	Lanigan Apartments*	5	\$ 725
32	Lakeside Apartments	45	\$ 1,400
33	Montgomery House	50	\$ 850
34	Deer Park Gardens	38	\$ 949
35	Broadstone	350	\$ 950
36	West Deer Park Apartments	198	\$ 1,295
37	Rosedale	192	\$ 850
38	Brighton Village	600	\$ 1,095
39	Governor Square	238	\$ 1,080
40	Lakewood Commons	168	\$ 1,174

* One-bedroom rental rate

** Three-bedroom rental rate

Affordable Condominiums

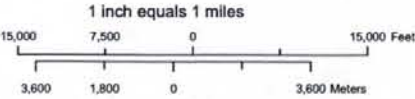
MAP KEY	COMPLEX NAME	UNITS	AVERAGE SALES PRICE
1	Hyde Park	270	\$ 194,875
2	Villa Ridge	417	\$ 184,875
3	Newport Estates	291	\$ 213,833
4	8 Russell Avenue (Diamond Oaks)	36	\$ 158,833
5	Lilac Gardens	31	\$ 90,585
6	Brighton East	157	\$ 280,300
7	Fireside	258	\$ 148,495
8	Cedar Village	45	\$ 274,500
9	Brighton West	255	\$ 272,647
10	Park Summit	72	\$ 161,543
11	Potomac Oaks (Diamond Farms)	334	\$ 183,717



Affordable Rental Apartments In Montgomery County

ProjectName.mxd • 11-Jan-2005 • abc

- City Rental Apartments
- County Rental Apartments
- MC Planning Areas
- City Boundary
- Other Municipalities
- Montgomery County



TrueOrtho™ image data is copyrighted and licensed from ISTAR Americas, Inc., 2005. www.istar.com
Property boundaries are planimetric base map ©2005 M-NCPPC and City of Gaithersburg. All rights reserved. Aerial photo acquired March 2004.

The City of Gaithersburg makes no warranty, express or implied, for the completeness and accuracy of the information depicted on this map. This map may not be reproduced, in whole or in part, without the express written permission of the City of Gaithersburg and other referenced parties.



Affordable rental apartments were defined as follows:
2- or 3-bedroom unit: Rent <= \$1150 per month
1-bedroom/studio unit: Rent <= \$950 per month
Inclusion of utilities raises each limit by \$150 per month

Information about rents and location of apartment complexes was compiled from the Montgomery County Department of Housing and Community Affairs (MC DHCA) online rental apartment guide.

Total Number of Affordable Rental Apartments by Montgomery County Planning Area

